

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House
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FISCAL IMPACT STATEMENT

LS 7936

BILL NUMBER: HB 1716

DATE PREPARED: Jan 13, 1999

BILL AMENDED:

SUBJECT: State funding for full day kindergarten.

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**FUNDS AFFECTED: X GENERAL
DEDICATED
FEDERAL**

IMPACT: State & Local

Summary of Legislation: This bill provides that a kindergarten pupil counts as one pupil if the pupil is enrolled in a full day kindergarten program, for purposes of state distributions of regular tuition support and categorical grants and for transportation distributions to school corporations. (Current law provides that a kindergarten pupil counts as one-half pupil.)

Effective Date: July 1, 1999.

Explanation of State Expenditures: Passage of this bill would increase the expenditures from the school funding formula and from the state transportation formula if each full time kindergarten pupil received an additional half pupil count. This analysis will provide estimates related to the **impact on the formulas** as opposed to direct costs related to providing full-day kindergarten.

If only the number of kindergartners who are currently enrolled in full day kindergarten are included in both the school funding formula and the state transportation formula, the additional costs to the state General Fund would be **\$13.4 million in the first year and \$15.1 million in the second year**.

If this bill creates an incentive for school corporations to offer full day kindergarten instead of half day kindergarten, the costs to the school formula could increase. The maximum cost would be **\$219.7 million in the first year and \$202.4 million in the second year** if all kindergartners who are enrolled in public schools would attend full day kindergarten. *These costs include the state tuition support, transportation assistance and Primetime and use the current formulas specified under current law.*

An estimated 8,317 kindergartners are currently enrolled in full day kindergarten in 69 school corporations. These school corporations fund the second half of kindergarten either through their general fund, with state at risk monies, with Federal Title I monies or by charging tuition. The statewide population of all kindergartners enrolled in public schools was 72,941 in the 1997-98 school year.

Effect on the School Funding Formula: The following shows the projected effect on the *current* school funding formula if only the 8,317 kindergartners who are currently estimated to be enrolled in a full day program were given a full ADM count. This analysis assumes that no changes would be made to the current school funding formula. To project the effect on the school funding formula in the short term, this enrollment was divided by one half (because the school corporation is already receiving a half count) and included in the existing school funding formula.

	<u>First Year</u>	<u>Second Year</u>
State Regular	\$10,274,355	\$14,600,661
At Risk	\$308,069	\$324,378
Growing Enrollment	<u>\$2,580,552</u>	<u>\$3,461</u>
Total State	<u>\$13,162,975</u>	<u>\$14,928,501</u>
Added ADM	4,135	4,108

If this bill creates an incentive for more school corporations to offer full day kindergarten, the costs associated with the school funding formula will increase. The following shows the maximum increase in the state components of the *current* school funding formula *if* all school corporations offered full day kindergarten *and* all kindergartners attended a full day program.

	<u>First Year</u>	<u>Second Year</u>
State Regular	\$121,422,766	\$140,073,646
At Risk	\$1,644,212	\$1,739,298
Growing Enrollment	<u>\$36,268,774</u>	<u>\$256,141</u>
Total State	<u>\$159,335,752</u>	<u>\$142,069,085</u>
Added ADM	36,233	36,475

Note: Estimates of the **costs** of expanding full day kindergarten for all children who attend kindergarten in public schools would range between \$78 and \$100 million. These costs do not consider the costs associated with the kindergartners who currently attend full day (8,317) and considers only those 64,624 kindergartners who currently attend a half day ($72,941 - 8,317 = 64,624$) and the potential students who do not currently attend kindergarten in public schools but attend first grade in public schools (8,202). The added costs include teachers, classrooms, transportation, and utilities and custodial maintenance.

Some school corporations may decide to locate their full day kindergarten programs in centralized facilities and may need additional administrative staff. Based on a statewide survey conducted by the Department of Education, the number of school corporations that may need additional administrative positions is estimated to range between 20 and 35 as full day kindergarten is implemented statewide. The added costs associated with these administrative positions would range between \$1.5 and \$2.3 million.

Effect on the Transportation Formula: Passage of this bill will also increase the costs to the state associated with the transportation support formula.

Assuming no change in the current formula, and including only those 8,317 kindergartners who are currently enrolled in full day kindergarten, the additional costs to the transportation formula would be **\$246,652**.

If all 72,941 kindergartners who are enrolled in public schools attend full day kindergarten, the added costs

to the state would be **\$2.075 million**.

Effect on Primetime Funding: The Primetime formula provides an incentive for school corporations to reduce their ratios of students to adults based on a formula that compares current instructional staff with the instructional staff in 1984. The additional full time equivalent staff which is needed to achieve a kindergarten ratio of 18 kindergarten children to one teacher is then multiplied by \$26,526 per FTE (full time equivalent). A full time teacher equals one FTE while a full time instructional aide equals .33 FTE.

The specific costs to the state General Fund will depend on the number of school corporations that decide to add teachers and instructional aides to achieve an 18 to one ratio. If all school corporations which currently participate in Primetime will actually expand staff to meet these requirements, the additional costs to the state for Primetime funding for kindergarten students would be **an estimated \$58.3 million**.

Explanation of State Revenues:

Explanation of Local Expenditures: Added expenditures will depend on the number of school corporations that actually would adopt full time kindergarten.

Explanation of Local Revenues: Adding more students to the *current* school funding formula is projected to reduce levy expenditures for school corporations.

If only the school corporations with full day programs were given the additional half count for kindergartners who are currently enrolled in a full day program, the levy would be reduced by the following amounts:

	first year	second year
Levy	(\$201,338)	(\$4,293,068)

If all school corporations had full day programs and all kindergartners were enrolled in a full day program, the levy support for the *current* school funding formula may be reduced by the following amounts:

	first year	second year
Levy	(\$390,346)	(\$12,729,527)

State Agencies Affected: Department of Education.

Local Agencies Affected: School Corporations.

Information Sources: DOE data bases.